

METHODS AND APPARATUS RELATING TO THE FORMULATION
AND TRADING OF INVESTMENT CONTRACTS

ABSTRACT OF THE DISCLOSURE

A data processing system to enable the formulation of multi-party investments contracts is disclosed. The system comprises input means by which an ordering party can input contract data relating to at least one phenomenon, the phenomenon having a range of future outcomes and a future time of maturity. The contract data further includes a set of probabilities of occurrence for each outcome in the range and a consideration due to a counterparty at or after the time of maturity. One or more counterparties can input registering data including a set of probabilities of occurrence for each outcome in the range. The system further includes a data processor that is operable to price and match a contract from the contract data and the registering data. The pricing includes applying at least one template of entitlement as a function of outcome to each counterparty's set of probabilities to give one or more individual counterparty prices each equal to the ordering party's consideration, and further, applying the ordering party's set of probabilities to each template to derive an implied entitlement. The matching includes determining which counterparty will provide the best entitlement on maturity by comparing each implied entitlement with the consideration, and matching the contract with the counterparty having the template for the best comparison.